

21 ETHICS AND VENDOR RELATIONSHIPS

All state employees are involved in business transacted by government in one form or another. Especially so are those professional purchasers and other agency personnel who purchase items and services. Taxpayers, state agencies, bidders, contractors and others involved in the conduct of state business have a stake in the integrity and ethical performance of state employees. This publication references statutes and purchasing rules that serve as safeguards to preserve integrity by helping to avoid improper actions, or the appearance of improper actions by government personnel and by suppliers.

21.1 Prohibitions and Safeguards

- Public Information Availability - complete purchasing records and published rules and procedures, with public access (I.C. 9-338, I.C. 67-5725)
- Conflict of Interest prohibition regarding the holding of contracts or selling to the state property or supplies by state employees (I.C. 67-5726)
- Prohibition regarding the influencing or conspiring to influence public purchasing decisions and contract awards (I.C. 67-5726). Attempts at influence may include kickbacks and bribes, peddling or payment of a fee, back-door selling, hard-sell tactics, fraternization, or offering gifts to avoid following published procedures or gain advantages
- Circumventing Purchasing Authorization Prohibition that prohibits efforts by using agencies to obtain products or services by avoiding the competitive process such as splitting purchases, creating false emergency situations and non-use of statewide contracts (I.C. 67-5726, I.C. 67-5717)
- Appeals and Resolution of Complaints Processes- published procedures for resolving disputes (I.C. 67-5733)
- Audits - periodic and systematic review of purchasing procedures for compliance with state statutes, policies and rules that govern the purchasing process

Each state employee has a *personal responsibility* to conduct government business in an ethical manner and assure the integrity of the state purchasing and procurement processes.

21.2 NIGP Code of Ethics

The following are the purchasing ethics and guidelines published by the National Institute of Governmental Purchasing, Inc.(NIGP), an organization dedicated to increasing the professionalism of public purchasing through education and certification, technical information and services, and research and publications.

The Institute believes, and it is a condition of membership, that the following ethical principles should govern the conduct of every person employed by a public sector procurement or materials management organization.

- Seeks or accepts a position as head or employee only when fully in accord with the professional principles applicable thereto, and when confident of possessing the qualifications to serve under those principles to the advantage of the employing organization.
- Believes in the dignity and worth of the service rendered by the organization and the societal responsibilities assumed as a trusted public servant.
- Is governed by the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the organization and the public being served.
- Believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest and not tolerable.
- Identifies and eliminates participation of any individual in operational situations where a conflict of interest may be involved.
- Believes that members of the Institute and its staff should at no time or under any circumstances accept directly or indirectly, gifts, gratuities, or other things of value from suppliers which might influence or appear to influence purchasing decisions.
- Keeps the governmental organization informed, through appropriate channels, on problems and progress of applicable operations by emphasizing the importance of the facts.
- Resists encroachment on control of personnel in order to preserve integrity as a professional manager. Handles all personnel matters on a merit basis. Politics, religion, ethnicity, gender and age carry no weight in personnel administration in the agency being directed or served.
- Seeks or dispenses no personal favors. Handles each administrative problem objectively and emphatically without discrimination.

- Subscribes to and supports the professional aims and objectives of the National Institute of Governmental Purchasing, Inc.

21.3 Ethical Guidelines

Responsibility to your employer

- Follow the lawful instructions or laws of the employer.
- Understand the authority granted by the employer.
- Avoid activities which would compromise or give the perception of compromising the best interests of the employer.
- Reduce the potential for any charges of preferential treatment by actively promoting the concept of competition.
- As agents for the employer, obtain the maximum benefit for funds spent.

Conflict of Interest

- Avoid any private or professional activity that would create a conflict between your personal interest and the interests of your employer.

Perception

- Avoid the appearance of unethical or compromising practices in relationships, actions and communications.
- Avoid noticeable displays of affection which may give an impression of impropriety.
- Avoid holding business meetings with suppliers outside the office. When such meetings do occur, the meeting location should be carefully chosen so as not to be perceived as inappropriate by other persons in the business community or by your peers.

Gratuities

- Never solicit or accept money, loans, credits or prejudicial discounts, gifts, entertainment, favors or services from your present or potential suppliers, which might influence or appear to influence purchasing decisions.

21.4 Vendor Relationships

Developing and maintaining good relationships with our suppliers is important. Whenever a vendor (or agency) fails to meet the requirements of a contract or purchase order the problem needs to be discussed and resolved to everyone's satisfaction. This will help prevent future problems and maintain good working relations. Most minor problems can be worked out with a simple call or visit, but if not, please feel free to bring the matter to the attention of the Division of Purchasing for assistance in resolving disputes. The following are a few things to keep in mind when dealing with vendors:

- Maintain and practice, to the highest degree possible, business ethics, professional courtesy, and competence in all transactions.
- Preclude from showing favoritism or being influenced by suppliers through the acceptance of gifts, gratuities, loans or favors.
- Adhere to and protect the supplier's business and legal rights to confidentiality for trade secrets, and other proprietary information.

21.5 Timely Processing of Invoices

The internal procedures that government goes through to process payments to vendors can be quite confusing and time consuming. Although technology is constantly showing us better and faster ways to do business with such things as e-mails, faxes, internet access and electronic fund transfers, the human element still comes into play. It is our individual responsibility as government employees to do whatever we can to process vendor invoices in a timely manner.

21.5.1 Idaho Statute Regarding Invoice Processing

Idaho Code 67-5735 states, in part, that "Within ten (10) days after the property is acquired.....the acquiring agency shall complete all processing...to permit the contractor to be reimbursed. Within ten (10) days of receipt of the document...the State Auditor shall cause a warrant to be issued....".